

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:943
ANSWERED ON:23.11.2001
NORMS FOR BUYBACK OF SHARES QUESTION
SULTAN SALAHUDDIN OWAISI

Will the Minister of FINANCE be pleased to state:

- (a) whether in a move to buy up market sentiments, the Government have relaxed the norms allowing companies to buyback their shares;
- (b) if so, the details thereof;
- (c) the details of guidelines issued in this regard;
- (d) whether the Government have allowed to buyback 10 per cent shares in every six months instead present ceiling of two years; and
- (e) if so, the details thereof and to what extent this decision of the Government is likely to boost the stock market and financial health of the individual company?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE(SHRI BALASAHEB VIKHE PATIL)

(a) to (e) An Ordinance was promulgated on 23rd October 2001 for modification of Section 77A of the Companies Act, 1956 which relates to buy-back of securities by companies. The details are available on the website of the Department of Company Affairs (www.nic.in/dca).

With this amendment, buy-back of shares upto 10% of the total paid up capital and free reserves of a company can be permitted by a resolution of the Board of Directors, provided that no offer of buy-back shall be made within a period of three hundred and sixty five days reckoned from the date of the preceding offer of buy-back, if any.

Further, where a company completes a buyback of its shares, it shall not make fresh issue of the same kind of shares within a period of six months from the date of completion of the buy-back as against the existing stipulation of 24 months.